ANNUAL REPORT

of the

AGRICULTURE REHABILITATION AND DEVELOPMENT DIRECTORATE

for the period ended

MARCH 31, 1987

ONTARIO MINISTRY OF AGRICULTURE AND FOOD

Introduction

The government of Canada initiated the Agriculture Rehabilitation and Development Act (ARDA) in 1961 to deal with unemployment, underemployment and general social disadvantage in rural areas. By December of 1962, Ontario had signed a series of agreements with the federal government to cover the period ending March 31, 1965 and had passed the Provincial Agriculture Rehabilitation and Development Act. This Act established the ARDA Directorate of Ontario, a corporate body of representatives from several departments with responsibility to review, assess and make recommendations relative to the approval of ARDA projects before submitting them to the federal government for funding approval.

Three more agreements were subsequently signed to cover the period April 1, 1965 to March 31, 1979. The agreement programs were implemented by the province which has continued to maintain the projects underway as of the termination of the final agreement.

COMPOSITION AND ACTIVITIES OF THE ARDA DIRECTORATE OF ONTARIO

As of March 31, 1987, the ARDA Directorate was comprised of the following members, all of the Ontario Ministry of Agriculture and Food.:

Chairman:	- V. Spencer, Director, Soil & Water Management Branch
Vice-Chairman:	- R. Seguin, Director, Economics and Policy Coordination Branch
Member:	- N. MacLeod, Manager, Farm Assistance Programs Branch

During the 1986-1987 fiscal year the Directorate held four meetings to discuss policy and program issues related to the maintenance of the ARDA programs.

REPORT ON PROGRAMS ADMINISTERED - APRIL 1, 1986 TO MARCH 31, 1987.

1. Farm Enlargement Program

The prime purpose of the farm Enlargement Program was to enable farm operations on small uneconomic units to acquire more land to develop financially viable units. The program was designed to accept these high risk applicants who would not qualify for loans through normal credit channels for the purchase of additional lands.

During the 1966 to 1979 period, 178,000 hectares of land were purchased for a total of $36.6 million. The majority of this land was leased with option to purchase to farmers who qualified under the Farm Enlargement Program. Most of these farmers purchased this land at the end of the first 5 years of the lease. Other farmers renewed for a further 5 years and purchased the land at the end of 10 years.

As of March 31, 1987 over 2259 farm units had been leased and subsequently purchased.

In July of 1983, a sunset date of December 31, 1987 was established. The termination policy developed required all properties given up by lessees to be declared surplus to program needs, and sold. During the fiscal year, a total of 27 properties were given up by lessees or terminated by the ARDA Directorate and declared surplus to program needs.

Tables 1 and 2 summarize the fiscal year activities and the status as of the end of the fiscal year for the Farm Enlargement Program. Table 3 shows the present lease expiry schedule while Table 4 indicates the number of leases currently in effect by county and districts. Table 11 shows the listing of active properties by county and districts.

2. Community Pasture Program

The major objective of the Ontario Community Pasture Program was to provide small scale livestock farmers with access to off-farm pastures which would allow them to increase the carrying capacity of their home farms. Most of the land in the pasture program was not suitable for intensive arable farming and required good management to provide adequate pasture.

There were 10 community pastures in operation in Ontario during the fiscal year. In each case, the local Community Pasture Board managed the community pasture in the name of the ARDA Directorate of Ontario. It was expected that each of the pastures would be self sufficient and that the operation of the pasture and future development costs would be covered from the fees paid by the farmers using the land.

As of March 31, 1987, a total of 6,431 hectares were in use as community pasture (table 5). This land at the time of purchase was valued at approximately $947,000.00. A total of just over $1 million has been invested to develop the land for pasture purposes. During the 1986 pasture season, a total of 5561 cattle, owned by 345 producers, were pastured on this land (table 6).

Several of the community pastures were involved in on-site demonstration of good pasture management techniques. Some of this activity was funded in part by the Northern Ontario Rural Development Agreement and the Eastern Ontario Subsidiary Agreement. Farmers in the community had the opportunity to view first hand the benefits that can be accrued from the application of proven pasture management techniques.

In February 1987, a conference including the chairman, secretary and pasture manager from each of the 10 community pastures was held. It was agreed that the pastures would continue to provide service to those farmers who put cattle on the pasture but that a major objective of the community pasture program in future would be the demonstration of new pasture techniques and practical approved management techniques for adoption by area farmers. To assist the various Pasture Boards to implement demonstration projects, the province made available funds up to $3,000.00 per pasture to cover additional costs connected with the implementation of demonstration projects. These projects were to be carried out during the pasture season of 1987.

Table 7 shows the revenue and expenses for the pastures in the fiscal year. Revenues were almost entirely spent for pasture staff and maintenance. Table 8 summarizes the activity of each of the 10 pastures in operation during the fiscal year.

The carrying capacity of the pastures has been improved as fertility levels were increased and proven pasture management techniques were applied. The carrying capacity has risen from an average of 1.13 hectares per animal in the period 1977 to 1982 to 1.03 hectares per animal in 1986. In addition Ministry extension personnel have reported that some local farmers have increased the carrying capacity of their own pastures by applying the techniques used on the Community Pastures.

3. Incentives for Industries in Rural Ontario - Part V

The main purpose of this program was to provide employment opportunities for rural people. Assistance was provided under this program for a variety of projects designed to create or expand small business activities in rural areas. As of the end of March, 1987, a total of 104 rural employment projects had been completed with an estimated employment impact of over 1000 direct jobs and rural employment of 375 part time jobs on crown timber lands.

The projects were generally approved on the basis of forgiveable loans which were forgiven at a rate of 10% of the face amount over each of the first 5 years with 50% being forgiven in the 6th year. Forgivenesses were based on the progress being made by the enterprise. During the 1986-87 fiscal year, a total of $140,000.00 was forgiven and $88,900.00 written off, leaving a total balance outstanding of $118,200.00 as of March 31, 1987 (Table 9).

FINANCIAL STATUS - ARDA DIRECTORATE OF ONTARIO - MARCH 31, 1987

Table 10 shows the financial status of the directorate as of March 31, 1987. The assets, which are composed of all properties controlled by the Directorate, accounts receivable and Part V loans, totalled $6,371,185. As community pastures have not been re-appraised since purchase, the original capital costs are included.

TABLE 1 Farm Enlargement Program Activity
April 1, 1986 to March 31, 1987

	1986-87 activity
Sales completed	62
Properties declared surplus	27
Revenue - rent	$ 373,617.00
- sales proceeds	$1,549,593.00
- other	$18,116.00
TOTAL	$1,941,326.00
Remitted to Canada	$ 827,275.91

TABLE 2 Farm Enlargement Program - Status
as of March 31, 1987

	Status March 31/87
Leases in effect	28
Sales pending - to lessees	33
- as surplus properties - current fiscal year	27
- as surplus properties - prior year(s)	32
Leases expired - decision pending	9
TOTAL	129

TABLE 3 Farm Enlargement Program - Lease Expiry Schedule

Year of Expiry	Number of Leases
1987	21
1988 and later	7
TOTAL	28

*includes life leases and 5 year leases given in 1983 prior to establishment of sunset date of December 31, 1987

TABLE 4 Farm Enlargement Program - Active Leases by County - as at March 31, 1987

County/District	Number of Leases
Bruce	1
Carleton	1
Cochrane	9
Frontenac	1
Glengarry	2
Lennox & Addington	3
Prescott	2
Rainy River	3
Renfrew	1
Stormont	1
Temiskaming	4
TOTAL	28

TABLE 5 Community Pasture Program - Funding Provided 1962-1987

Number of Pastures	Land Costs	Development Costs	Total Costs	Total Hectares Purchased	Total Hectares for grazing	Average Cost per Hectare
10	$947,733	$1,066,288	$2,014,021	6431	5753	$313

*Development costs is funding for initial development of the pasture and does not include any operating or ongoing development costs, which are paid from psture revenue.

TABLE 6 Community Pasture Program - 1986 Livestock Carrying Capacity and Pasture Gain

Number of Pasture Users	Number of Livestock			Hectares Grazed	Pasture Days	Pasture Gains		
	Total	Full Season	Short Season			Beef Steers kg/day	Heifers kg/day	Dairy Heifers kg/day
345	5561	5095	466	5738	1413	0.79	0.77	0.68

TABLE 7 Community Pasture Program - 1986 Revenue and Expenses

Number of Pastures	Pasture Revenue	Capital and Operating Expenses	Revenue over Expenses	Revenue per User	Expenditure per User
10	344,308	343,614	694	997.99	995.98

TABLE 8 - COMMUNITY PASTURE SUMMARY 1986-87

	Number Head On Pasture	Workable Hectares	Grazing Hectares	Pasture Revenue	Capital & Operating Expenditures	Revenue per Hectare (Grazing)
Algoma	165	81	95	10,876	11,945	114.48
Bruce	949	480	480	77,809	78,255	162.10
Grey	460	202	273	37,210	33,632	136.30
Leeds	502	280	480	25,256	21,851	52.62
Manitoulin *	657	361	2322	36,735	42,811	15.82
Quinte	579	323	404	34,881	37,839	86.34
Rainy River	157	-	162	23,178	23,396	143.07
Temiskaming	354	234	234	21,745	20,652	92.93
Thunder Bay	236	235	400	16,990	14,479	42.48
Victoria	1036	606	888	59,628	58,754	67.15
TOTAL	5095	2802	5738	344,308	343,614	

* Represents three pastures in the district of Manitoulin

TABLE 9 Incentives for Industries in Rural Ontario-Part V

Loan Status - March 31, 1987

		Status March 31/87
Loans Approved	1972-1979	104
Funding Approved	1972-1979	$5,846,293
Current Loans		3
Current Outstanding balance		$118,200

TABLE 10 Financial Status - ARDA Directorate - March 31, 1987

	Status March 31/87	
Properties Controlled	129	
Community Pastures Controlled	10	
Hectares re. 129 Properties	8,638	
Hectares re. 10 Pastures	6,431	
Value of assets on 129 current Properties		$3,421,311
Value of assets on 10 pastures		2,014,021*
Total assets		5,435,332
Accounts Receivable (1986 Billing)		379,749
Accounts Receivable (arrears)		454,796
Part V Forgivable Loans		118,200
Total		6,388,077

*Original Capital Cost plus Development Cost

TABLE 11

Active Properties by County/District

County	Leases in Effect 1987	Leases in Effect 1988	Sales Pending	Surplus	Expr'd Leases Decision Pending	Total
Bruce	-	1	4	3	-	8
Carleton	1	-	-	-	-	1
Cochrane	9	-	2	15	2	28
Dundas	-	-	3	3	-	6
Frontenac	-	1	-	-	-	1
Glengarry	1	1	-	2	-	4
Grenville	-	-	-	2	1	3
Grey	-	-	4	4	-	8
Hastings	-	-	-	1	-	1
Huron	-	-	1	1	-	2
Kenora	-	-	1	-	-	1
Leeds	-	-	-	2	-	2
Len/Add	2	1	1	-	-	4
Manitoulin	-	-	3	-	-	3
N'mberld	-	-	1	-	-	1
P. Edward	-	-	-	1	1	2
Prescott	1	1	6	4	3	15
R.River	2	1	1	3	-	7
Renfrew	-	1	-	-	-	1
Russell	-	-	-	-	2	2
Stormont	-	1	2	5	-	8
Sudbury	-	-	1	1	-	2
Tmskaming	4	-	3	12	-	19
Total	21	7	33	59	9	129

AGRICULTURAL REHABILITATION AND DEVELOPMENT DIRECTORATE OF ONTARIO

Financial Statements and Report on the Audit for the year ended March 31, 1987

AGRICULTURAL REHABILITATION AND DEVELOPMENT DIRECTORATE OF ONTARIO

Statement of Receipts and Disbursements (excluding Community Pastures) for the year ended March 31, 1987

	1987 $	1986 $
Receipts (note 3)		
Sale of properties	1,549,593	1,437,918
Lease rentals	373,617	488,233
Loan repayment	10,333	8,333
Interest	5,833	6,667
Sales - logs, timber and other	1,447	28,495
Reimbursement of disbursements	503	2,000
Total receipts	1,941,326	1,971,646
Disbursements (note 3)		
Receipts allocated to:		
Ministry of Agriculture and Food	1,114,050	1,169,792
Government of Canada	827,276	801,854
Total disbursements	1,941,326	1,971,646

See accompanying notes to financial statements.

On behalf of the Directorate :

Vernon Spencer
Chairman

Robert Legge
Member

AGRICULTURAL REHABILITATION AND DEVELOPMENT DIRECTORATE OF ONTARIO

Statement of Receipts and Disbursements of Community Pastures for the year ended March 31, 1987

	1987 $	1986 $
Receipts		
Grazing fees	277,458	295,353
Grants (note 4)	35,315	20,656
Tax and other refunds	4,642	30,182
Miscellaneous	14,476	15,541
Bank interest	6,917	7,046
Bank loan	5,500	3,200
Sundry sales	-	5,905
	344,308	377,883
Disbursements (note 1b)		
Overhead costs	153,391	130,981
Pasture maintenance	95,086	112,233
Service to cattle	44,717	38,011
Taxes	32,989	35,768
Capital expenditure	17,431	16,504
	343,614	333,497
Excess of receipts over disbursements	694	44,386
Cash, including short term deposits, beginning of year	196,902	152,516
Cash, including short term deposits, end of year	197,596	196,902

See accompanying notes to financial statements.

On behalf of the Directorate :

Vernon Spencer
Chairman

Robert Legris
Member

AGRICULTURAL REHABILITATION AND DEVELOPMENT DIRECTORATE OF ONTARIO

Notes to Financial Statements
March 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Directorate's financial statements have been prepared using the cash basis of accounting.

(b) Capital disbursements of community pastures

Fixed assets are expensed in the year of acquisition.

2. FORGIVABLE LOANS

Prior to 1980 the Directorate provided financial assistance to companies in the form of forgivable loans. These loans are forgiven, based on the performance of the conditions set out in the loan agreements. As at March 31, 1987, forgivable loans outstanding totalled $118,200 (1986 - $349,100).

3. RECEIPTS AND DISBURSEMENTS (excluding Community Pastures)

Receipts as reported in the statement of receipts and disbursements are deposited in the Consolidated Revenue Fund of the Province of Ontario.

At the end of the fiscal year the Federal Government's share is disbursed out of the Consolidated Revenue Fund. All administrative and other expenditures are absorbed by the Ministry.

4. GRANTS

To assist the various Pasture Boards in implementing demonstration projects, the Ministry of Agriculture and Food paid grants amounting to $35,315 in the 1986-87 fiscal year.

OFFICE OF THE PROVINCIAL AUDITOR

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(416)973-8336

To the Agricultural Rehabilitation and Development Directorate of Ontario, to the Minister of Agriculture and Food, and to the Treasurer of Ontario.

I have examined the statement of receipts and disbursements of the Agricultural Rehabilitation and Development Directorate of Ontario for the year ended March 31, 1987 and the statement of receipts and disbursements of community pastures for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the receipts and disbursements of the Directorate for the year ended March 31, 1987 in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J.F. Otterman

Toronto, Ontario,
October 9, 1987.

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.